



State of Utah
Department of
Natural Resources

MICHAEL R. STYLER
Executive Director

Division of
Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Representatives Present During the Inspection:

Company	Vicky S. Miller	Environmental Specialist
OGM	Pete Hess	Environmental Scientist III

Inspection Report

Permit Number:	C0070039
Inspection Type:	COMPLETE
Inspection Date:	Monday, April 14, 2008
Start Date/Time:	4/14/2008 10:11:00 AM
End Date/Time:	4/14/2008 3:05:00 PM
Last Inspection:	Tuesday, March 18, 2008

Inspector: Pete Hess, Environmental Scientist III

Weather: Warm, 50's F.

InspectionID Report Number: 1610

Accepted by: jhelfric

4/18/2008

Permittee: **CANYON FUEL COMPANY LLC**
Operator: **CANYON FUEL COMPANY LLC**
Site: **DUGOUT CANYON MINE**
Address: **PO BOX 1029, WELLINGTON UT 84542**
County: **CARBON**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

9,471.00	Total Permitted
51.10	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
☒ State
☐ County
☒ Fee
☐ Other

Types of Operations

- ☒ Underground
☐ Surface
☐ Loadout
☐ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Permittee is current relative to the required electronic submittal of surface and ground water monitoring information for the Dugout Canyon Mine permit area. 4th quarter 2007 surface and ground water monitoring data has been uploaded into the Division's permanent data base. The Permittee continues to meet the Special Condition contained in Attachment "A" of the current State permit which is issued by the Division.

There are no pending compliance actions for this permit area.

The Mine site and its associated disturbed areas has melted off. The degasification wells remain inaccessible due to snow depths on the upper elevations.

The Permittee has determined that additional office space is needed to accommodate an increase in technical staff. Several options are being considered, including a temporary trailer and/or conversion of the ambulance garage. Access to the Pace Canyon fan portal facility was possible this day.

Inspector's Signature: _____

Pete Hess

Date: Wednesday, April 16, 2008

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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Inspection Continuation Sheet

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The Permittee received a DOGM permit renewal In March 2008; this will remain in effect through March 17, 2013.

4.a Hydrologic Balance: Diversions

A few diversions still contain frozen snow accumulations; Ms. Miller indicated that spring maintenance items are still being addressed by the surface compliance crew.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The first quarter of 2008 inspections for the Dugout Mine impoundments was completed by the Permittee's qualified individuals on March 28, 2008 for the Mine site, waste rock and Pace Canyon fan portal impoundments. There were no signs of instability or other hazardous conditions noted by Mr. Spillman or Ms. Miller during the March inspections. As observed this day, the Mine site and the waste rock impoundments both contained water, although the surface elevations were well below discharge. The catch basin in Pace Canyon had a small amount of snow remaining on the incised slope. There was no water in the bottom. There were no compliance issues noted this day for any of the impounding basins.

4.c Hydrologic Balance: Other Sediment Control Measures

One of the silt fences located along the Gilson well access road (above the main facilities area) was in need of maintenance. Snow pack has pushed the fence over. The Permittee notified the Division on April 16, 2008 that the fence had been repaired. All other silt fences appeared capable of functioning as designed.

4.d Hydrologic Balance: Water Monitoring

As observed this day, UPDES outfalls 001A, 003A in Dugout Canyon and 005A in Pace Canyon were discharging mine water. Undisturbed flows above the Mine facilities in both Dugout and Pace Creeks were observed. The Mine water being discharged is improving the quality of the downstream volumes.

4.e Hydrologic Balance: Effluent Limitations

The current UPDES permit remains in effect until November 30, 2009. Six outfalls are permitted. Discharge monitoring reports for the month of February 2008 were reviewed. The reports had been submitted to the respective government agencies on March 24, 2008, and meet the reporting requirements established within the permit for timeliness. Outfalls 001A, 003A, and 005A discharged mine water or water tank overflow to Dugout and / or Pace Creeks during the month. There were no effluent parameter exceedances reported. Photos of the three flowing outfalls were taken today. All flows appeared clear. The Permittee also participates in a "Colorado River Salinity Offset Program" with their Canyon Fuel Company sister operation, Skyline Mine. There have not been any recent exceedances for total iron in the Dugout Mine discharged effluent.

7. Coal Mine Waste, Refuse Piles, Impoundments

The Permittee's Technical Services Manager, Mr. Dave Spillman, P.E., performed the first quarter of 2008 refuse pile inspection for the Dugout disposal site on March 28, 2008. Mr. Spillman reported that there were no signs of instability, structural weakness or other hazards in the placed compacted material. The site has received 113,729 tons of coal processing waste from the Savage Coal Terminal preparation plant washing of Dugout Mine run. The Dugout waste pile is also permitted to receive mine waste from the Skyline Mine. As observed this day, a dozer was spreading and leveling material. There was no non-coal waste visible in the material. There was no evidence of spontaneous combustion in the refuse facility.

11. Contemporaneous Reclamation

The Permittee intends to reclaim the following degasification wells during the 2008 drilling season; GVB #'s 2, 5, 7, and 10. To date, access to these wells is not possible.

13. Revegetation

Mr. David Thayn, representing the heirs of the Milton and Ardith thayn Trust (surface land owners), has requested and obtained a copy of the DOGM approved revegetation seed mix for implementation by the Questar Gas pipeline company.

16.a Roads: Construction, Maintenance, Surfacing

16.b Roads: Drainage Controls

The 24 inch CMP located at the upper end of the Pace Canyon disturbed area needs to have the outlet cleaned. Ms. Miller made note of this; road material had fallen over the outlet by the grading of the road located outside of the disturbed area.